

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6129

BILL NUMBER: SB 73

NOTE PREPARED: Feb 3, 2011

BILL AMENDED: Jan 12, 2011

SUBJECT: Thirteenth Check.

FIRST AUTHOR: Sen. Tallian

FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
FEDERAL

IMPACT: State

Summary of Legislation: (Amended) This bill provides a thirteenth check to participants of the State Excise Police, Gaming Agent, Gaming Control Officer, and Conservation Enforcement Officers' Retirement Plan (C&E). It provides that the thirteenth check is to be paid, not later than July 1, 2011, to a plan participant (or to a survivor or beneficiary of a plan participant) who retired or was disabled on or before December 1, 2009, and who was entitled to receive a monthly benefit on July 1, 2010.

(The introduced version of this bill was prepared by the Pension Management Oversight Commission.)

Effective Date: Upon passage.

Explanation of State Expenditures: (Revised) The table below provides a summary of the impact of this bill.

The funds affected for the C&E Plan are the state General Fund, the Fish and Wildlife Fund for the Conservation Officers, the Enforcement and Administration Fund for the Excise Police, and dedicated funds for Gaming Enforcement.

Table 1. Summary Table for the C&E Plans.	
	C&E
Increase In Unfunded Accrued Liability	\$53,700
Increase in Annual Funding	na
Increase in Annual Funding as % of pay	na
Decrease in Funded Status	from 76.34% to 76.30%

Background Information- Table 2 shows the overall impact on the C&E Plan. Table 3 shows the number of C&E recipients of the 13th check by credited service and dollar amount for the State Excise Police, Gaming Agent, Gaming Control Officer, and Conservation Enforcement Officers' Retirement Plan.

Table 2. Excise Police, Gaming Agent, Gaming Control Officer, and Conservation Enforcement Officers' Retirement Plan and 1977 Police Officers' and Firefighters' Pension and Disability Fund Impact of Proposed Benefit Changes as of July 1, 2010 Total (\$ in thousands)			
	7/1/2009 Valuation Results Before Change Baseline	Description of Proposed Change	
		<u>Impact of Change</u>	<u>After Change</u>
Actuarial Accrued Liability			
Active & Inactive Members	\$54,256.4	-	\$54,256.4
<u>Pay Status Members</u>	<u>\$35,039.2</u>	<u>\$53.7</u>	<u>\$35,092.9</u>
Total	\$89,295.6	\$53.7	\$89,349.3
Actuarial Value of Assets	\$68,169.9	-	\$68,169.9
Unfunded Actuarial Accrued Liability	\$21,125.7	\$53.7	\$21,179.4
Funded Ratio	76.34%	-0.05%	76.30%
Valuation Payroll	\$25,238.3	-	\$25,238.3
Actual Contribution Rate, after smoothing	20.75%	0.00%	20.75%
Total cost after smoothing	\$5,237.0	-	\$5,237.0

Table 3. Calculation of Increase in Liability.			
Service	Count	13th Check Amount	Total
blank*	3	\$325	\$975
0-10	4	\$125	\$500
10-20	11	\$235	\$2,585
20-30	74	\$325	\$24,050
>30	64	\$400	\$25,600
Total	156		\$53,710
*For those with no service listed, assumed service between 20 and 30 years.			

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: State Excise Police; Gaming Commission; Alcohol and Tobacco Commission; and Department of Natural Resources (Conservation Officers); State Police.

Local Agencies Affected:

Information Sources: Cindy Fraterrigo; Amy Beert, Price Waterhouse Coopers, actuaries for PERF and the PERF-managed funds; Chicago, IL 312-298-2134; www.pwc.com; Doug Todd, McCready & Keene, Inc., actuaries for the State Police, 317-576-1508; www.mcak.com

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DEFINITIONS

Actuarial Accrued Liability – The actuarial accrued liability of a retirement system at any time is the excess of the present value of all benefits thereafter payable under the system over the present value of future normal cost accruals, determined by the actuarial cost method.

Smoothing - An actuarial technique used to help plan sponsors manage cost volatility in benefit programs.